

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2012

F. C. SCHNEIDER, CPA, LLC

A Public Accounting Firm

Baton Rouge, Louisiana

TABLE OF CONTENTS

<i>Independent auditor's report</i>	i
<i>Financial statements</i>	
Statement of Financial Position	1
Statement of Activities	2
Statement of Cash Flows	3
<i>Notes to financial statements</i>	4 - 10
<i>Special independent auditor's report</i>	
Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11 - 12
Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	13 - 14
Schedule of Expenditures of Federal Awards	15
Schedule of Findings and Questioned Costs	16
Summary of Findings and Responses	17
Summary of Prior Year Findings and Responses	18

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Louisiana Health and Rehabilitation Center, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statements of financial position of Louisiana Health and Rehabilitation Center, Inc. (LHRC) as of June 30, 2012, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the LHRC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LHRC at June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued our report dated December 28, 2012, on my consideration of LHRC's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

J. C. Schneider, CPA, LLC

December 28, 2012

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2012

ASSETS

CURRENT ASSETS

Cash	\$ 4,804
Restricted cash	1,094
Receivables	153,464
Prepaid expenses	42,748
	<u>202,110</u>

PROPERTY AND EQUIPMENT (NET)

485,232

OTHER ASSETS

872

TOTAL ASSETS

\$ 688,214

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 30,553
Accrued expenses	18,177
Amounts held for others	1,160
Due to related parties	297,212
Current portion of long term debt	16,359
	<u>363,461</u>

LONG-TERM LIABILITIES

Notes payable	94,858
Less current installments on long term debt	(16,359)
	<u>78,499</u>

TOTAL LIABILITIES

441,960

NET ASSETS

Unrestricted	<u>246,254</u>
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TOTAL NET ASSETS

246,254

TOTAL LIABILITIES AND NET ASSETS

\$ 688,214

See accompanying notes

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	<u>2012</u>
SUPPORT AND REVENUES	
Public Support:	
Reality House	\$ 524,717
Divine Intervention	304,350
Children's Choice	48,964
LHRC Transportation	13,475
Other	7,950
Rent	62,577
Other	26,915
Investment loss, net	(9,030)
Total support and revenues	<u>979,918</u>
 EXPENSES	
Program expenses:	
Management fees	\$ 251,540
Payroll	245,661
Occupancy	198,160
Direct services	116,639
Supplies	11,484
Depreciation	15,925
Professional services	998
Computer and software	3,201
Bad debt	-
Other	11,114
General and administrative	363,439
Total expenses	<u>1,218,161</u>
Changes in net assets	<u>(238,243)</u>
 NET ASSETS	
Beginning of year	484,497
End of year	<u><u>\$ 246,254</u></u>

See accompanying notes

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (238,243)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	38,690
Realized loss on sale fo investments	10,006
Changes in operating assets and liabilities:	
Receivables	(64,970)
Prepaid expenses and other assets	13,488
Accounts payable and other current liabilities	(11,162)
	<u>(252,191)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(7,680)
Sale of investments	90,969
	<u>83,289</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	(15,389)
Payments from related parties	158,311
	<u>142,922</u>

NET DECREASE IN CASH	(25,980)
-----------------------------	----------

CASH

Beginning of the year	31,878
End of the year	<u>\$ 5,898</u>

RECONCILIATION OF CASH

Cash, unrestricted	\$ 4,804
Cash, restricted	1,094
	<u>\$ 5,898</u>

See accompanying notes

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

A: SIGNIFICANT ACCOUNTING POLICIES

Organization and operations:

Louisiana Health and Rehabilitation Center, Inc. (LHRC) is a non-profit corporation whose purpose is to provide therapeutic psychiatric programs to eliminate inappropriate and maladaptive behaviors. Their services are designed to help persons with developmental disabilities, and severe and persistent behavioral problems reach their maximum functioning level in the community.

All programs are operated in southern Louisiana and are primarily funded by the State of Louisiana agencies through the Department of Health and Hospitals and by the City of Baton Rouge through the Office of Community Development.

Financial statement presentation:

LHRC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are described as follows:

Unrestricted Net Assets are net assets that are not subject to donor-imposed stipulations and are available for use at the organization's discretion.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the organization maintain the contribution permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

LHRC does not have any temporarily or permanently restricted net assets for the year ended June 30, 2012.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of services provided.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, LHRC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Restricted Cash:

LHRC, as custodial agent, maintains cash for clients in several of its programs. These amounts are segregated from LHRC's cash accounts.

Investment valuation and income recognition:

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements, (FASB 157), establishes a framework for measuring fair value through a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 157 are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

LHRC's investments are stated at fair value. Shares of registered investment companies are valued at the net asset value of such investments held by LHRC at year end.

Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. Investment earnings are recorded net of related management fees.

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables:

Management believes that receivables as reflected in the accompanying financial statements are collectible in full therefore no allowance has been recorded.

Tax-exempt status:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Paid time off:

Although the paid time off benefit was terminated December 31, 2010 there remained a liability balance of \$2,332 at June 30, 2012. When it was an active benefit, paid time off was earned at varying rates from two to four weeks per year depending on length of service. A maximum of two weeks paid time off could be carried over at each employee's anniversary date.

Pension plan:

The Board of Directors of LHRC elected to terminate a 401(k) plan it had in previous years, effective July 29, 2011. No contributions were made to the plan during the year ending June 30, 2012. However, as of June 30, 2012 assets remained in the plan in the amount of \$17,880. These assets are held in the trust fund established under the Plan which is independent of LHRC.

Advertising:

LHRC follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$686 for the year ended June 30, 2012.

B: GOING CONCERN

LHRC incurred a net loss of \$238,243 during the year ending June 30, 2012. This loss is due to reductions in state and federal grants and LHRC not cutting program expenses in a timely manner. If this condition were to persist it would prohibit the organization to continue as a going concern. However, management has implemented the following changes to alleviate substantial doubt about the organization's ability to continue as a going concern:

- Discontinued unprofitable programs,
- Restructured leases and contracts reducing overhead,
- Actively pursuing public donations through several fund raising activities (auctions, fashion show, golf tournaments, etc.), including Board of Director involvement in these activities.
- Substantial reductions of administrative and management cost by reducing positions and combining duties of other positions, as well as reducing or eliminating certain contract labor or services,

B: GOING CONCERN (Continued)

- Reduction in the rate of employee pay as well as employee benefits, and
- Aggressive pursuit of federal, state and local grants for substance abuse, AIDS and homelessness programs that will compliment currently established programs, as well as seeking additional state and local resources. Recent efforts of management has secured grants to increase the current level of revenue by approximately \$239,450.
- Aggressive monitoring of financial activity to assure break-even for the year ending June 30, 2013.

While plans for addressing operations and financial position issues are based on forward-looking events, management believes the effects of these actions will allow improvement to operating performance and financial position. Management expects these improvements and others to continue and anticipates future operating results will allow it to meet its obligations for the foreseeable future.

C: INVESTMENTS

Investments in mutual funds were sold during the year ending June 30, 2012 resulting in a realized loss of \$10,006. Dividends and capital gain distributions for the year ending June 30, 2012 amounted to \$972.

D: PROPERTY

Property and equipment, related service lives, and accumulated depreciation as of June 30, 2012 were as follows:

	Estimated Service Lives	
Land	-	\$ 74,725
Buildings	39 years	268,940
Leasehold improvements	15 years	157,472
Furniture and equipment	5 - 7 years	150,583
Vehicles	5 years	178,362
		<hr/>
		830,082
Accumulated depreciation		(344,850)
		<hr/>
		<u>\$ 485,232</u>

Depreciation expense was \$38,690 for the year ended June 30, 2012.

E: LONG TERM DEBT

Long-term debt consists of a 5.5% note payable in 104 monthly installments of \$1,764, secured by building, and maturing August 2018. The portion of this debt that has been classified as current is \$16,359.

Maturities of long-term debt for the years succeeding June 30, 2012, are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 16,359
2014	17,282
2015	18,257
2016	19,287
2017	19,328
Thereafter	4,345
	<u>94,858</u>
Current portion	<u>(16,359)</u>
Total	<u><u>\$ 78,499</u></u>

Interest paid during the year ending June 30, 2012 was \$6,311.

F: RELATED PARTY TRANSACTIONS

Harmony Center, Inc:

LHRC has a mutually beneficial arrangement with Harmony Center, Inc, a non-profit organization, whereby their resources are combined to purchase fuel for their automotive fleets at low cost. The Executive Director of LHRC is an officer of Harmony Center, Inc. LHRC reimbursed Harmony Center, Inc. \$7,948 for the year ended June 30, 2012 for fuel and owed them \$1,121 for the year ending June 30, 2012.

Johnson Management Group, LLC:

LHRC contracts with Johnson Management Group, LLC, a company whose managing member is the Executive Director of LHRC. During the year ending June 30, 2012 LHRC paid Johnson Management Group, LLC \$428,654 for rent, administrative personnel and management fees under these agreements. Johnson Management Group provides Transitional Housing cost for LHRC's Divine program. These fees are refunded back to LHRC for providing the actual services at the site. The reimbursement rate is \$40.00 per day/per client, which includes shelter, substance abuse treatment, recreation and onsite support groups. The amounts received by Johnson Management Group and reimbursed back to LHRC totaled \$57,420 during the year ending June 30, 2012. Johnson Management Group, LLC also bills and collects rents on buildings and autos and submits these collections to LHRC. The amounts collected for the year ending June 30, 2012 was \$22,360. Additionally, LHRC owed Johnson Management Group, LLC \$29,479 at June 30, 2012.

F: RELATED PARTY TRANSACTIONS (Continued)

Temple Properties, LLC:

LHRC leased premises from Temple Properties, LLC, for the year ended June 30, 2012. The Executive Director of LHRC is manager of Temple Properties, LLC. The rental expense incurred under these leases for the year ended June 30, 2012 was \$35,900.

Louisiana Health & Rehab Options, Inc. (LHRO):

LHRC leases office space and vehicles to Louisiana Health & Rehab Options, Inc. (LHRO), a Louisiana corporation owned by the Executive Director. The rental expense incurred by LHRC under these lease agreements for the year ended June 30, 2012 was \$1,125. In addition, LHRC received \$46,817 during the year ending June 30, 2012 from LHRO for the lease of office space and vehicles. At June 30, 2012, LHRC owed LHRO \$261,003.

LHRC subleased a portion of their office space to LHRO until January 2012 at which time the lease was terminated. The amount received during the year ending June 30, 2012 from the sublease was \$14,673.

Additionally, LHRC leases office furniture from LHRO. The amount paid for the year ended June 30, 2012 was \$5,034. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 5,034
2014	5,034
2015	5,034
	<u>\$ 15,102</u>

G: OPERATING LEASE

LHRC entered into a three year non-cancelable operating lease for office space which ended June 30, 2012. The amounts paid during the year ending June 30, 2012 for the lease was \$21,931

LHRC subleases a portion of their office space to LHRO. See Note F.

H: ECONOMIC DEPENDENCY

LHRC derives its revenues from governmental sources as earned revenue or grants, the loss of which would have a material adverse effect on LHRC. During the year ended June 30, 2012, revenue derived from governmental sources accounted for the majority of support recorded by LHRC.

I: CONCENTRATION OF CREDIT RISK

LHRC has concentrated its credit risk for cash by maintaining deposits in a financial institution in Baton Rouge, Louisiana. As of June 30, 2012, LHRC's deposits were covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC).

J: CONTINGENCIES

Grants:

LHRC receives federal and state contracts for specific purposes that are subject to audit by the agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the contract. It is the opinion of management that LHRC's compliance with the terms of contracts will result in negligible, if any, disallowed costs.

Risk Management:

Various lawsuits arise in the normal course of LHRC's business. Management believes that losses resulting from these matters, if any, will not have a material effect on the operations or financial position of LHRC.

K: SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 28, 2012, the date the financial statements were available to be issued.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Louisiana Health and Rehabilitation Center, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of Louisiana Health and Rehabilitation Center, Inc. (LHRC) (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued my report thereon dated December 20, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of LHRC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered LHRC's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LHRC's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of LHRC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LHRC's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "J. C. Schneider, CPA, LLC". The signature is written in a cursive, flowing style.

December 28, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Louisiana Health and Rehabilitation Center, Inc.
Baton Rouge, Louisiana

Compliance

I have audited Louisiana Health and Rehabilitation Center, Inc. (LHRC) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of LHRC's major federal programs for the year ended June 30, 2012. LHRC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LHRC's management. My responsibility is to express an opinion on LHRC's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LHRC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of LHRC's compliance with those requirements.

In my opinion, LHRC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of LHRC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered LHRC's internal control over compliance with the

requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of LHRC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. C. Schneider, CPA, LLC

December 28, 2012

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

<u>Grantor/State Pass-through/ Program name/Location of Project</u>	<u>CFDA Number</u>	<u>Grant Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
City of Baton Rouge/Office of Community Development			
Housing Opportunities for Persons with AIDS	14.241	\$ 304,350	<u>\$ 304,350</u>
U.S. Department of Health and Human Services			
State of Louisiana/Department of Health and Hospitals			
Capital Area Human Services District			
* Pregnant and Postpartum Women Program	93.959	31,746	31,746
* Temporary Assistance for Needy Families	93.959	545,706	<u>492,971</u>
Subtotal	93.959		<u>524,717</u>
Total Federal Assistance			<u><u>\$ 829,067</u></u>

* Major Program

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unqualified opinion**
 - B) Significant deficiencies in internal control were disclosed by the audit of financial statements: **None noted**
Material weaknesses: **None noted**
 - C) Noncompliance which is material to the financial statements: **None noted**
 - D) Significant deficiencies in internal control over major programs: **None noted**
 - E) The type of report issued on compliance for major programs: **Unqualified opinion**
 - F) Any audit findings which are required to be reported under Section 510 (a) of OMB Circular A-133: **None**
 - G) Major programs:
 - U.S. Department of Health and Human Services**
 - State of Louisiana/Department of Health and Hospitals
 - Capital Area Human Services District
 - 1) Pregnant and Postpartum Women Program
 - 2) Temporary Assistance for Needy Families
 - CFDA 93.959
 - H) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
 - I) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**
- 2) Findings relating to the financial statements reported in accordance with Government Auditing Standards: **None Noted**
- 3) Findings and questioned cost relating to federal awards: **None Noted**

LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
SUMMARY OF FINDINGS AND RESPONSES

June 30, 2012

No findings noted

**LOUISIANA HEALTH AND REHABILITATION CENTER, INC.
SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES**

June 30, 2012

2011-1 Federal Award Billing Support (Resolved)

Federal Program: Capital Area Human Services District
1) Pregnant and Postpartum Women Program
2) Temporary Assistance for Needy Families
C.F.D.A. 93.959

Observation: During the year ending June 30, 2012, LHRC's management sent out a memo to the manager of the programs informing her of the documentation issues. Also management randomly performed secondary reviews of supporting documents and reconciled to billing invoices. This finding is considered resolved.